

SHB 2064 - H AMD 104

By Representative Morris

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 19.285.010 and 2007 c 1 s 1 are each amended to
4 read as follows:

5 This chapter concerns requirements for new energy resources and
6 other carbon reduction investments. This chapter requires large
7 utilities to obtain fifteen percent of their electricity from new
8 renewable resources such as solar and wind by 2020 and undertake
9 cost-effective energy conservation.

10 **Sec. 2.** RCW 19.285.020 and 2007 c 1 s 2 are each amended to read
11 as follows:

12 Increasing energy conservation, investing in technologies and
13 programs that enhance the deployment and integration of renewable
14 energy such as energy storage and demand response, reducing
15 greenhouse gas emissions, and the use of appropriately sited
16 renewable energy facilities builds on the strong foundation of low-
17 cost renewable hydroelectric generation in Washington state and will
18 promote energy independence in the state and the Pacific Northwest
19 region. Making the most of our plentiful local resources will
20 stabilize electricity prices for Washington residents, provide
21 economic benefits for Washington counties and farmers, create high-
22 quality jobs in Washington, provide opportunities for training
23 apprentice workers in the renewable energy field, protect clean air
24 and water, and position Washington state as a national leader in
25 developing, deploying, and integrating clean, renewable, and
26 distributed energy technologies. The reduction of greenhouse gas
27 emissions through offset contracts, credits, and other greenhouse gas
28 mitigation efforts is recognized by the legislature as a utility
29 purpose that confers a direct benefit on a utility's ratepayers.

30 **Sec. 3.** RCW 19.285.040 and 2014 c 26 s 1 are each amended to
31 read as follows:

1 (1) Each qualifying utility shall pursue all available
2 conservation that is cost-effective, reliable, and feasible.

3 (a) By January 1, 2010, using methodologies consistent with those
4 used by the Pacific Northwest electric power and conservation
5 planning council in the most recently published regional power plan
6 as it existed on June 12, 2014, or a subsequent date as may be
7 provided by the department or the commission by rule, each qualifying
8 utility shall identify its achievable cost-effective conservation
9 potential through 2019. Nothing in the rule adopted under this
10 subsection precludes a qualifying utility from using its utility
11 specific conservation measures, values, and assumptions in
12 identifying its achievable cost-effective conservation potential. At
13 least every two years thereafter, the qualifying utility shall review
14 and update this assessment for the subsequent ten-year period.

15 (b) Beginning January 2010, each qualifying utility shall
16 establish and make publicly available a biennial acquisition target
17 for cost-effective conservation consistent with its identification of
18 achievable opportunities in (a) of this subsection, and meet that
19 target during the subsequent two-year period. At a minimum, each
20 biennial target must be no lower than the qualifying utility's pro
21 rata share for that two-year period of its cost-effective
22 conservation potential for the subsequent ten-year period.

23 (c)(i) Except as provided in (c)(ii) and (iii) of this
24 subsection, beginning on January 1, 2014, cost-effective conservation
25 achieved by a qualifying utility in excess of its biennial
26 acquisition target may be used to help meet the immediately
27 subsequent two biennial acquisition targets, such that no more than
28 twenty percent of any biennial target may be met with excess
29 conservation savings.

30 (ii) Beginning January 1, 2014, a qualifying utility may use
31 single large facility conservation savings in excess of its biennial
32 target to meet up to an additional five percent of the immediately
33 subsequent two biennial acquisition targets, such that no more than
34 twenty-five percent of any biennial target may be met with excess
35 conservation savings allowed under all of the provisions of this
36 section combined. For the purposes of this subsection (1)(c)(ii),
37 "single large facility conservation savings" means cost-effective
38 conservation savings achieved in a single biennial period at the
39 premises of a single customer of a qualifying utility whose annual

1 electricity consumption prior to the conservation savings exceeded
2 five average megawatts.

3 (iii) Beginning January 1, 2012, and until December 31, 2017, a
4 qualifying utility with an industrial facility located in a county
5 with a population between ninety-five thousand and one hundred
6 fifteen thousand that is directly interconnected with electricity
7 facilities that are capable of carrying electricity at transmission
8 voltage((τ)) may use cost-effective conservation from that industrial
9 facility in excess of its biennial acquisition target to help meet
10 the immediately subsequent two biennial acquisition targets, such
11 that no more than twenty-five percent of any biennial target may be
12 met with excess conservation savings allowed under all of the
13 provisions of this section combined.

14 (d) In meeting its conservation targets, a qualifying utility may
15 count high-efficiency cogeneration owned and used by a retail
16 electric customer to meet its own needs. High-efficiency cogeneration
17 is the sequential production of electricity and useful thermal energy
18 from a common fuel source, where, under normal operating conditions,
19 the facility has a useful thermal energy output of no less than
20 thirty-three percent of the total energy output. The reduction in
21 load due to high-efficiency cogeneration shall be: (i) Calculated as
22 the ratio of the fuel chargeable to power heat rate of the
23 cogeneration facility compared to the heat rate on a new and clean
24 basis of a best-commercially available technology combined-cycle
25 natural gas-fired combustion turbine; and (ii) counted towards
26 meeting the biennial conservation target in the same manner as other
27 conservation savings.

28 (e) The commission may determine if a conservation program
29 implemented by an investor-owned utility is cost-effective based on
30 the commission's policies and practice.

31 (f) The commission may rely on its standard practice for review
32 and approval of investor-owned utility conservation targets.

33 (2)(a) Except as provided in ((+j+)) (e) and (o) of this
34 subsection, each qualifying utility shall use eligible renewable
35 resources or acquire equivalent renewable energy credits, or any
36 combination of them, to meet the following annual targets:

37 (i) At least three percent of its load by January 1, 2012, and
38 each year thereafter through December 31, 2015;

39 (ii) At least nine percent of its load by January 1, 2016, and
40 each year thereafter through December 31, 2019; and

1 (iii) At least fifteen percent of its load by January 1, 2020,
2 and each year thereafter.

3 (b) A qualifying utility may count distributed generation at
4 double the facility's electrical output if the utility: (i) Owns or
5 has contracted for the distributed generation and the associated
6 renewable energy credits; or (ii) has contracted to purchase the
7 associated renewable energy credits.

8 (c) In meeting the annual targets in (a) of this subsection, a
9 qualifying utility shall calculate its annual load based on the
10 average of the utility's load for the previous two years.

11 (d) A qualifying utility shall be considered in compliance with
12 an annual target in (a) of this subsection if: (i) The utility's
13 weather-adjusted load for the previous three years on average did not
14 increase over that time period; (ii) after December 7, 2006, the
15 utility did not commence or renew ownership or incremental purchases
16 of electricity from resources other than coal transition power or
17 renewable resources other than on a daily spot price basis and the
18 electricity is not offset by equivalent renewable energy credits; and
19 (iii) the utility invested at least one percent of its total annual
20 retail revenue requirement that year on eligible renewable resources,
21 renewable energy credits, or a combination of both.

22 (e) A qualifying utility is considered in compliance with the
23 requirements of this subsection (2) for a given year if the following
24 conditions apply for any year of the first two years of an integrated
25 resource plan or other resource plan adopted by the utility pursuant
26 to RCW 19.280.030:

27 (i) Either:

28 (A) The load to be served by the utility is not projected to
29 increase from the previous year, net of conservation; or

30 (B) The cumulative load growth from December 7, 2006, including
31 the projected load growth for the target year, net of conservation,
32 is served by eligible renewable resources or renewable energy credits
33 and is projected to be less than the amount of eligible renewable
34 resources that would otherwise be required to meet the annual target
35 in (a) of this subsection for that year; or

36 (C) The utility has projected sufficient resources, owned or
37 under contract as of January 1, 2010, to serve its projected load,
38 net of conservation, for the target year; and

39 (ii) The utility did not otherwise commence or renew ownership or
40 make incremental purchases of electricity, other than on a daily spot

1 price basis, from resources other than coal transition power or
2 renewable resources, and the electricity is not offset by equivalent
3 renewable energy credits; and

4 (iii) The utility has invested at least one percent of its total
5 annual retail revenue requirement that year on one or more of the
6 following carbon reduction investments, renewable energy enhancement
7 technologies, or clean energy investments in any combination:
8 Eligible renewable resources; renewable energy credits; conservation
9 measures exceeding the avoided cost of power as identified by the
10 Pacific Northwest electric power and conservation planning council
11 that are not otherwise included in the qualifying utility's
12 conservation potential assessment; renewable energy enhancement and
13 integration technologies and programs including energy storage,
14 demand response, and other distribution level enhancement and
15 integration programs; carbon reduction investments in the
16 transportation and other sectors, including but not limited to
17 electric vehicle charging stations and the conversion of the
18 transportation fleet in the state to electricity and other
19 alternative fuels; research and development for clean energy
20 technologies; the purchase, trade, and banking of greenhouse gas
21 emission offsets or credits; or other projects as approved by the
22 commission or governing board, as appropriate, that reduce or offset
23 or lead to development of technology that reduces or offsets
24 emissions of greenhouse gases, or enhances renewable energy
25 integration and technology deployment.

26 (f) If a state greenhouse gas emissions reduction registry is
27 established in this state or another state, a utility may purchase,
28 trade, or bank greenhouse gas emissions reductions from carbon
29 reduction investments made under this subsection and receive credit
30 in the registry, provided that the credits are retained by the
31 qualifying utility and are measured, verified, and documented by a
32 third-party expert from a list of independent organizations qualified
33 by the department of ecology as having proven experience in emissions
34 mitigation activities.

35 (g) A utility must document compliance with the option provided
36 under (e) of this subsection by June 30th after the completion of the
37 target year for which it is to be utilized, or, if unable to document
38 compliance by that date, must document compliance with either (a) or
39 (d) of this subsection or RCW 19.285.050 by December 31st of that
40 same year.

1 (h) The governing board of a consumer-owned utility which
2 performs planning projections for compliance under (e) of this
3 subsection has sole authority to determine the process, timelines,
4 and documentation for developing planning projections pursuant to
5 chapter 19.280 RCW, as performed under (e) of this subsection.

6 (i) A utility which meets the conditions for compliance under
7 either (d) or (e) of this subsection shall resume meeting the
8 compliance requirements in this section on a time frame comparable in
9 length to what it would have been before using an alternative
10 compliance option.

11 (j) The requirements of this section may be met for any given
12 year with renewable energy credits produced during that year, the
13 preceding year, or the subsequent year. Each renewable energy credit
14 may be used only once to meet the requirements of this section.

15 ~~((f))~~ (k) In complying with the targets established in (a) of
16 this subsection, a qualifying utility may not count:

17 (i) Eligible renewable resources or distributed generation where
18 the associated renewable energy credits are owned by a separate
19 entity; or

20 (ii) Eligible renewable resources or renewable energy credits
21 obtained for and used in an optional pricing program such as the
22 program established in RCW 19.29A.090.

23 ~~((g))~~ (l) Where fossil and combustible renewable resources are
24 cofired in one generating unit located in the Pacific Northwest where
25 the cofiring commenced after March 31, 1999, the unit shall be
26 considered to produce eligible renewable resources in direct
27 proportion to the percentage of the total heat value represented by
28 the heat value of the renewable resources.

29 ~~((h))~~ (m)(i) A qualifying utility that acquires an eligible
30 renewable resource or renewable energy credit may count that
31 acquisition at one and two-tenths times its base value:

32 (A) Where the eligible renewable resource comes from a facility
33 that commenced operation after December 31, 2005; and

34 (B) Where the developer of the facility used apprenticeship
35 programs approved by the council during facility construction.

36 (ii) The council shall establish minimum levels of labor hours to
37 be met through apprenticeship programs to qualify for this extra
38 credit.

39 ~~((i))~~ (n) A qualifying utility shall be considered in
40 compliance with an annual target in (a) of this subsection if events

1 beyond the reasonable control of the utility that could not have been
2 reasonably anticipated or ameliorated prevented it from meeting the
3 renewable energy target. Such events include weather-related damage,
4 mechanical failure, strikes, lockouts, and actions of a governmental
5 authority that adversely affect the generation, transmission, or
6 distribution of an eligible renewable resource under contract to a
7 qualifying utility.

8 ~~((j))~~ (o)(i) Beginning January 1, 2016, only a qualifying
9 utility that owns or is directly interconnected to a qualified
10 biomass energy facility may use qualified biomass energy to meet its
11 compliance obligation under this subsection.

12 (ii) A qualifying utility may no longer use electricity and
13 associated renewable energy credits from a qualified biomass energy
14 facility if the associated industrial pulping or wood manufacturing
15 facility ceases operation other than for purposes of maintenance or
16 upgrade.

17 ~~((k))~~ (p) An industrial facility that hosts a qualified biomass
18 energy facility may only transfer or sell renewable energy credits
19 associated with its facility to the qualifying utility with which it
20 is directly interconnected with facilities owned by such a qualifying
21 utility and that are capable of carrying electricity at transmission
22 voltage. The qualifying utility may only use an amount of renewable
23 energy credits associated with qualified biomass energy that are
24 equivalent to the proportionate amount of its annual targets under
25 (a)(ii) and (iii) of this subsection that was created by the load of
26 the industrial facility. A qualifying utility that owns a qualified
27 biomass energy facility may not transfer or sell renewable energy
28 credits associated with qualified biomass energy to another person,
29 entity, or qualifying utility.

30 (3) Utilities that become qualifying utilities after December 31,
31 2006, shall meet the requirements in this section on a time frame
32 comparable in length to that provided for qualifying utilities as of
33 December 7, 2006.

34 **Sec. 4.** RCW 19.285.080 and 2007 c 1 s 8 are each amended to read
35 as follows:

36 (1) The commission may adopt rules to ensure the proper
37 implementation and enforcement of this chapter as it applies to
38 investor-owned utilities.

1 (2) Except as provided in RCW 19.285.040(2)(h), the department
2 shall adopt rules concerning only process, timelines, and
3 documentation to ensure the proper implementation of this chapter as
4 it applies to qualifying utilities that are not investor-owned
5 utilities. Those rules include, but are not limited to, rules
6 associated with a qualifying utility's development of conservation
7 targets under RCW 19.285.040(1); a qualifying utility's decision to
8 pursue alternative compliance in RCW 19.285.040(2) (d) or ~~((+i))~~ (n)
9 or 19.285.050(1); and the format and content of reports required in
10 RCW 19.285.070. The department may not adopt rules concerning RCW
11 19.285.040(2)(h). Nothing in this subsection may be construed to
12 restrict the rate-making authority of the commission or a qualifying
13 utility as otherwise provided by law.

14 (3) The commission and department may coordinate in developing
15 rules related to process, timelines, and documentation that are
16 necessary for implementation of this chapter.

17 (4) Pursuant to the administrative procedure act, chapter 34.05
18 RCW, rules needed for the implementation of this chapter must be
19 adopted by December 31, 2007. These rules may be revised as needed to
20 carry out the intent and purposes of this chapter."

21 Correct the title.

EFFECT: Adds intent language recognizing the reduction of
greenhouse gas emissions through offset contracts, credits, and other
greenhouse gas mitigation efforts as a utility purpose that confers a
direct benefit on a utility's ratepayers. Specifies that instead of
being considered in compliance with an annual renewable energy target
under certain conditions, a qualifying utility is considered in
compliance with the requirement to use eligible renewable resources
or acquire equivalent renewable energy credits to meet annual targets
if certain conditions apply. Adds certain carbon reduction
investments and renewable energy enhancement technologies to the
types of investments in which a utility must invest at least one
percent of its total annual retail revenue requirement in order to be
considered in compliance with the requirement to use eligible
renewable resources or acquire equivalent renewable energy credits to
meet annual targets.

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